1 **1.** (canceled)

1 **2.** (canceled)

1 **3.** (canceled)

1 **4.** (canceled)

1 **5.** (canceled)

1 **6.** (canceled)

1 **7.** (canceled)

1 **8.** (canceled)

1 **9.** (canceled)

1 **10.** (canceled)

1 **11.** (canceled)

1 **12.** (canceled)

1 **13.** (canceled)

1 **14.** (canceled)

15. (canceled)

16. (canceled)

17. (canceled)

18. (canceled)

19. (currently amended) A method of allocating investment funds among a set of at least two asset classes to optimize valuation of the asset classes over a period of time, data concerning the asset classes being stored in storage accessible to a processor and the method comprising the steps performed in the processor of:

employing a linear optimization program to optimize the valuation and

in the linear optimization program, using a real option function to determine valuation for each asset class over the period of time for a particular allocation of the funds to the asset class, the valuations for the particular allocations of the funds to the asset class being stored in the storage for access by the processor.

20. (original) The method set forth in claim 19 wherein:

the data concerning the asset classes further indicates for each asset class a risk over the period of time and the method further comprises the step of:

employing a constraint in the linear optimization program that specifies a reliability of a return for the portfolio for a particular allocation of funds to the asset classes in the set.

21. (original) The method set forth in claim 20 wherein:

there is a plurality of risks.

22. (original) The method set forth in claim 20 further comprising the steps of:

using the data to determine correlations between the asset classes with regard to the risks of the asset classes; and

using the correlations and the particular allocation of funds to determine the reliability of the return for the portfolio.

23. (currently amended) The method set forth in claim 22 wherein the step of using the correlations further comprises the steps of:

using the correlations in determining a standard deviation of the risk for the particular ~~configuration~~allocation; and

using the return for the particular allocation of funds and the standard deviation therefor in determining the reliability of the ~~first~~ return for the portfolio.

24. (original) The method set forth in claim 23 wherein the step of using the correlations in determining a standard deviation of the risk for the particular allocation of funds further comprises the steps of:

determining a standard deviation for each of the asset classes with regard to the risk; and

using the correlations and the standard deviations for the asset classes in determining covariances between the asset classes with regard to the risk; and

using the covariances and the particular allocation of funds in determining the standard deviation of the particular allocation of funds.

25. (new) A method of allocating investment funds among a set of at least two asset classes to optimize valuation of the asset classes over a period of time, data concerning the asset classes being stored in storage accessible to a processor and the method comprising the steps performed in the processor of:

employing an optimization program to optimize the valuation and

in the optimization program, using a real option function to determine valuation for each asset class over the period of time for a particular allocation of the funds to the asset class, the valuations for the particular allocations of the funds to the asset class being stored in the storage for access by the processor.

26. (new) The method set forth in claim 25 wherein:

the data concerning the asset classes further indicates for each asset class a risk over the period of time and the method further comprises the step of:

employing a constraint in the optimization program that specifies a reliability of a return for the portfolio for a particular allocation of funds to the asset classes in the set.